

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

GENIUS GROUP LIMITED,

Petitioner,

-against-

LZG INTERNATIONAL, INC., MICHAEL
THOMAS MOE and PETER RITZ,

Respondents.

VSTOCK TRANSFER, LLC,

Nominal Respondent.

LZG INTERNATIONAL, INC.'s
SHAREHOLDERS,

Intervenor.

1:24-cv-8464-MKV

TEMPORARY RESTRAINING
ORDER

MARY KAY VYSKOCIL, United States District Judge:

The Court assumes familiarity with the background facts and procedural history of this case, which are summarized in detail in the Court's earlier Order granting Petitioner's petition for preliminary injunction. [ECF No. 57].

Respondents now seek a Temporary Restraining Order and Preliminary Injunction in Aid of Arbitration enjoining Petitioner from (1) "issuing additional shares of its stock (NYSE: GNS)," (2) "purchasing Bitcoin with funds from investors, funds raised from rights offerings, and funds raised from the purchase of additional shares," and (3) "further manipulation of shares." [ECF No. 58]. Absent a temporary restraining order, Respondents assert that Petitioner's issuance of additional Genius shares would dilute LZG's "rights in Genius and will affect LZG's ability to inspect Genius's corporate books." [ECF No. 59 at 6–7]; *see Street v. Vitti*, 685 F. Supp. 379, 384 (S.D.N.Y. 1988) ("If, as claimed, plaintiffs are discharged from their positions with VTS, they

would lose their rights to inspect corporate books. Loss of this right alone has been recognized as irreparable harm in New York”). Respondents also state that absent a temporary restraining order, Petitioner’s issuance of additional Genius shares “will permanently alter LZG’s right to participate in the management of [the] company.” [ECF No. 59 at 8]; *see Int’l Equity Invs., Inc. v. Opportunity Equity Partners, Ltd.*, 407 F. Supp. 2d 483, 496 (S.D.N.Y. 2005), *aff’d and remanded*, 246 F. App’x 73 (2d Cir. 2007) (quoting *Wisdom Imp. Sales Co. v. Labatt Brewing Co.*, 339 F.3d 101, 114–15 (2d Cir. 2003)) (“ ‘[c]onduct that unnecessarily frustrates efforts to obtain or preserve the right to participate in the management of a company’ [] may constitute irreparable harm.”).

“The purpose of a temporary restraining order is to preserve an existing situation *in statu quo* until the court has an opportunity to pass upon the merits of the demand for a preliminary injunction.” *Garcia v. Yonkers Sch. Dist.*, 561 F.3d 97, 107 (2d Cir. 2009) (quoting *Pan Am. World Airways, Inc. v. Flight Eng’rs’ Int’l Ass’n, PAA Chapter*, 306 F.2d 840, 842 (2d Cir. 1962)). In order to preserve the *status quo*, IT IS HEREBY ORDERED that Petitioner must temporarily stay: (1) the issuing of any additional shares of its stock (NYSE: GNS) and (2) the purchasing of Bitcoin with funds from investors, funds raised from rights offerings, and funds raised from the purchase of additional shares.

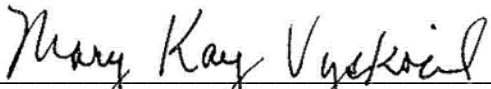
IT IS FURTHER ORDERED that Respondents must (1) immediately serve a copy of its motion, and all supporting materials, and this Order on the Petitioner and (2) file proof of such service on ECF by 5:30 p.m. on February 18, 2025. *See* Fed. R. Civ. P. 65(b); *Granny Goose Foods, Inc. v. Bhd. of Teamsters & Auto Truck Drivers Loc. No. 70 of Alameda Cnty.*, 415 U.S. 423, 439 (1974) (*ex parte* temporary restraining orders are restricted to “preserving the status quo and preventing irreparable harm just so long as is necessary to hold a hearing, and no longer”). The Court will vacate this Order if Respondents fail to serve its motion and this Order on the Petitioner.

IT IS FURTHER ORDERED that Petitioner shall file any opposition, including any evidence it intends to rely on during the hearing, to Respondents' motion by 5:30 p.m. on February 21, 2025. Any reply is due on or before February 24, 2025 at 5:30 PM.

IT IS FURTHER ORDERED that all parties shall appear for a hearing on Respondents' motion on February 28, 2025 at 12:00 p.m. in Courtroom 18C of the Daniel Patrick Moynihan Courthouse, 500 Pearl Street, New York, New York.

SO ORDERED.

Date: February 14, 2025
New York, NY



MARY KAY VYSKOCIL
United States District Judge